



PST CLC, a

The commencement of the operation of a **new customs office** in the premises of Witte Automotive Nejdek

Moving warehouse space from Zdiby and Úžice to a **new central warehouse** with the area of 13 200 m² in Úžice

International fair Transport Logistic 2017 in Munich



January



March



May



June



July

The decision about the **transition to fiscal**, 2017 exceptionally has 15 months and starts on 1 January 2017 and ends on 31 March 2018

Moving office premises from Zdiby to Prosek

Launching of a new **project of internal logistics** in PST Hungary for Nissin Foods

.s. in 2017

Defending our cooperation

with key client
Continental Barum

Obtaining TAPA FSR certification for

a warehouse of finished
products and non-tobacco
material in Kutná Hora

Moving client

Continental Barum
into new premises
in Nehvizdy



Defending AEO certificate
(F – the highest level)

Launching a customer portal
for customs services clients

**Defending
our cooperation** with
key client Philip Morris

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Speech of the Chairman of the Board of Directors

In Ostrava on 11 June 2018

Dear customers, business partners and employees.

2017 is a year when our accounting period consists of 15 calendar months. After five years of operating as a part of Mitsui-Soko group, we have decided to harmonize with other companies in the Japanese holding company and make our reporting and record keeping much easier. It actually means that 2017 started on 1 January 2017 and ended on 31 March 2018 for us. The monitored indicators given in other parts of this annual report correspond to this fact.

Also, 2017 was a year of important business activities and several transfers and moving.

Since the beginning of 2017, we planned to invest into a new central warehouse in Úžice where we wanted to move our warehouse from Zdíby and existing premises in Úžice. The aim was to create a modern semi-automated operation which will promote PST brand also beyond the field of **logistics**. Unfortunately, this project although it was carefully thought through well in advance did not turn out as well as we expected. The initial operational issues were intensified by the fact that two new important clients were moving into the warehouse at the same time. That's why the organization structure of the company was changed during the year and the new management of logistics division is striving to handle the current situation by implementing a crisis plan for this centre. The current objective is to set processes which will increase efficiency, productivity and overall profitability.

Another moving was ahead when we successfully dealt with the selection procedure for our VIP client **Barum Continental**. This tender kept us busy from March to November and was a great burden to the whole contract logistics team. In December, the already-mentioned moving from Stránčice to Nehvizdy took place and fortunately, this one was very well handled.

An important business challenge in summer was also a selection procedure which was opened by another important client, **Philip Morris**. This tender lasted until February 2018 and we succeeded again in this challenge. A part of the tender was also getting a TAPA FSR certification for a warehouse of finished products and non-tobacco material in Kutná Hora. We were also successful in it.

I am happy that our logistics division was doing great in business in 2017 and I also believe that the stabilization of our warehouse in Úžice will continue well this year.

The management of logistics division also profitably develops business activities of our Hungarian subsidiary. In the beginning of the year, we started implementing the project of internal logistics for **Nisin Foods** to which we provide our services in their production plant in Kecskemét.

Also our **forwarding** division which came through significant staff changes in 2017 achieved a business growth.

Even with the changes, it has increased the year-on-year revenue and acquired several new major clients. Unfortunately, due to the end of the intervention of the Czech National Bank with regard to Czech crown, our subsequent profits were lower than we planned. But we can still call our forwarding division the most dynamically growing division in our company.

Moving of our offices from Zdíby to the modern building in Prosek in Prague took place in the beginning of summer, so not only our colleagues dispatchers have a representative space with much better transport accessibility.

I could describe **customs services** division as our most ambitious division. In 2017, we started a journey leading to becoming the most important provider of customs services in the Czech Republic. It is a great challenge for us but it's definitely not impossible. Customs services have been reporting very good results in the long-term which are achieved thanks to our team of experienced customs clearance agents.

We are currently operating 16 customs offices, both public and private. We have a stable client portfolio and we constantly manage to also get new clients. In the beginning of 2017, we started the operation of a new branch of customs office in the premises of **Witte Automotive Nejdek** close to Karlovy Vary and the cooperation with key client **Foxconn** has also been successfully developing.

After a longer period of testing, we managed to start a commercial operation of PST CLC customer portal where our clients of customs services can see the details of all their operations including the electronic document archive for the relevant case in real time. In 2018, we wish to add more attractive features to the customer portal and bring our partners new advantages offered by modern technologies.

The company currently has 400 employees and it strives to be a good and reliable partner. The achieved results, a progressive strategy for the upcoming years and also support and partnership with the technical high school in Karviná guarantee stability and continuous development.

Finally, I want to thank all people who contributed to last year's achievements. Dear business partners and employees, I believe our partnership will continue in the future. I appreciate your trust and look forward to further cooperation.

Vít Votroubek
Chairman of the Board of Directors of PST CLC, a.s.



2017 was the fifth year of the operation of PST CLC, a.s. within multinational Mitsui-Soko group which is one of the main Japanese holdings operating on world markets. It unites more than 700 companies from various sectors – chemistry, mechanical engineering, energy, building and food industries, logistics and financial services.

1. Basic company information

| | |
|---------------------------|---|
| Registered office: | Nádražní 969/112, 702 00 Ostrava – Moravská Ostrava |
| Legal form: | Joint stock company |
| Company ID: | 253 97 249 |
| VAT ID: | CZ25397249 |
| Telephone: | +420 596 126 844 |
| E-mail: | info@pst-clc.cz |
| Data mailbox ID: | magvx56 |
| Website: | www.pst-clc.cz |

PST CLC, a.s. is one of the most significant providers of complex services in logistics for a wide range of customers with more than 26 years of market presence. The company has a network of logistics centres with transport and customs offices and by this, it covers the whole area of the Czech Republic. Thanks to its subsidiary in Hungary and partner companies in Slovakia, Denmark and Poland, it is also active in other countries within the EU.

2. Board of Directors and the Supervisory Board as of 31 March 2018

Board of Directors

| | |
|---------------|-------------------|
| Chairman | Vít Votroubek |
| Vice-Chairman | Miroslav Bradna |
| Member | Jiří Bradna |
| Member | Hajime Ogawa |
| Member | Yoshiaki Miyajima |
| Member | Masaji Hosoda |

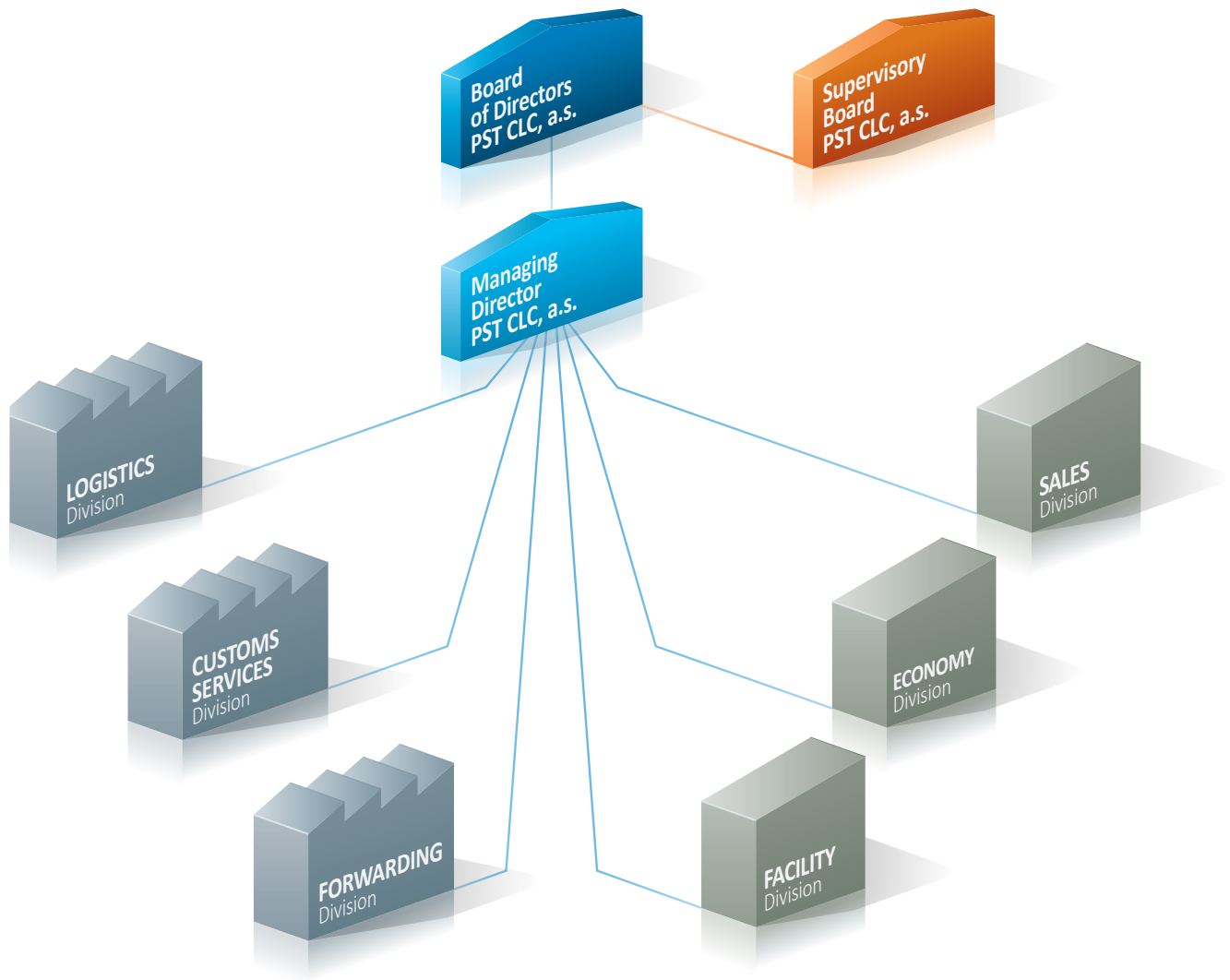
Supervisory Board

| | |
|----------|-----------------|
| Chairman | Kazuhiko Tanaka |
| Member | Vojtěch Brouček |
| Member | Pavína Otýpková |

3. The structure of shareholders

The only shareholder of the company is Mitsui-Soko (Europe) s.r.o. with the registered office in Prague.

4. Organisational Structure



Company Strategy

Company mission

Our mission is to provide complex logistics services of the highest quality with the maximum possible use of the membership in Mitsui-Soko group with the aim of global development of all our services.

The background of a multinational parent company is an advantage for us with its strong financial background while maintaining our uniqueness.

Company vision

We intend to provide our clients with high quality services and to take an individual approach towards each one based on requirements. We wish to be a strong and important partner of the Mitsui-Soko group, a company which is profitable and stable not only for its business partners but also for its employees.

4 fundamental pillars of our strategy

Strong financial background of Mitsui-Soko gives us a sense of stability and security but it also obliges us to the high quality of our services and processes.

Human resources as the second pillar are a guarantee of quality services we provided. We count on the expertise of our employees, their continuous education and last but not least on developing their talents.

The third pillar lies in our strategic activities, their complexity and the fact that we are real experts in customs services.

The fourth pillar consists of our core values – partnership, credibility and flexibility



Mitsui-Soko Group

Human Resources

Strategic Activities

Core Values

1. Main business activities

The company further developed its activities in the field of logistics in 2018, and the three main activities are:

- Warehousing
- Forwarding
- Customs services



Warehousing

Warehousing is secured in seven modern logistic centres throughout the Czech Republic always according to specific customer's needs. On the basis of an analysis, we suggest a perfect logistics solution and we properly adjust logistical processes. We focus on quality and flexibility of the provided services; our team of qualified experts always takes care of our clients' goods.

Currently, we have more than 80,000 m² of warehouse space available in Prague, Brno, Ostrava, Lovosice and Kutná Hora. We also offer services with added value such as packing, repacking, labelling, processing of special added products and multipacks. In the scope of our complex services, we also secure the distribution to the end customer and not only in the Czech Republic. All our multi-user warehouses have the status of customs and tax warehouses with modern WMS & TMS solution.



Forwarding

Thanks to the strong global background of our parent company Mitsui Soko, we are able to operate with all types of transport all over the world.

For full container load and pallet transportation across Europe, we effectively utilize our free transport capacity, we offer the possibility of customs clearance of goods in our network of customs offices, we can take out additional insurance for consignments beyond the liability of the carrier and "First/Last Deliveries" of sea containers were also added to our services quite recently.

In the area of the Czech Republic and Slovakia, we offer services related to goods distribution both from our own logistics centres and from clients' warehouses.

Our maritime transport services use an international network of their own branches, both for exports and imports. We transport goods as full container load (FCL) or less than container (LCL) consignments. We operate our own collection line from Asia, we transport excess loads, we can secure additional insurance for goods beyond the liability of shipowners and we also secure customs clearance in this area.

We also use an international network of our own branches for air transport and we specialize in consolidated air consignments as well as express (priority) transport. We also transport valuable or military material, take care of door-to-door transport and customs clearance and secure variable processing of consignments in logistics centres.



Customs services

We provide customs services in 16 offices across the whole Czech Republic and thanks to a team of qualified customs declaration officers, the process of even the most difficult customs cases is fast and safe.

In 2017, our customs portal for clients was brought into operation and they can use it to see all details concerning their operations, including electronic document archive for each individual case. Also in 2017, we successfully defended our AEO certificated in the highest level F which allows us to use all benefits for the processing of customs procedures which is related to goods import and export.

As one of the most important providers of customs services in the Czech Republic, we offer professional services, customs advisory including a suggestion of suitable customs procedures, using simplified customs procedures, centralized customs clearance, releasing goods to the regime in which goods do not have to be submitted to the customs authority, the system of customs guarantees for all regimes, processing and submitting Intrastat reports and last but not least, we keep track of the changes and we respond to current legal regulations with respect to national customs legislation and customs legislation in the EU.

2. Integrated management system and certification

PST CLC, a.s. has been gradually certified by Lloyd's Register LRQA in quality (2000), environment (2010) and OHSAS (2012). The system recertification takes place once in three years in all logistics centres and for a selected sample of customs services and forwarding departments which happens this autumn for us. In order to perform an external audit at all workplaces within three years, external supervisory audits take place at selected workplaces twice a year.

There were two external audits in 2017. For the first one, workplaces of customs services in Zdiby and the logistics centre in Kutná Hora were visited in May 2017. The second audit took place in 2017 at the workplaces of the logistics centre in Pohořelice and customs services in Valašské Meziříčí.

The aim of audits was a re-evaluation of the compliance of an implemented management system with audit criteria based on norms ISO 9001:2008, ISO 14 001:2004 and OHSAS 18 001:2007 and with the extent of certification which is "Providing customs, forwarding and logistics services and services with added value".

This aim was accomplished with the phrase that the implemented integrated management system:

- fulfils all standard requirements and certification extent;
- is functional and provides a guarantee of fulfilment of customers' requirements, compliance with legislation and fulfilment of other requirements for the environmental protection and OHS
- helps to fulfil the aims of the organization.

Following aspects were very positively evaluated:

- establishing of a long-term business strategy;
- further extension of services provided to customers;
- level of these services;
- continuous improvement;
- a responsible approach of the company to occupational health and safety of its employees and the environmental policy of the company.



Audits did not find inconsistencies and PST CLC, a.s. is allowed to use ISO 9001:2008, ISO 14 001:2008 and OHSAS 18 001:2007 certifications further in the above-mentioned extent.

A recommendation for 2018 is:

- finishing the preparations to get ISO 50001 certification of the energy management according to the requirements of Act No. 103/2015 Coll.;
- the implementation of the requirements of the amended ISO 90001:2015 standard into current management systems (the re-certification of an integrated management system in 2018 has to be done according to this amendment).

PST CLC, a.s. is a member of these professional associations:



Association of Forwarding and Logistics of the Czech Republic



Czech Chamber of Commerce



Port of Hamburg

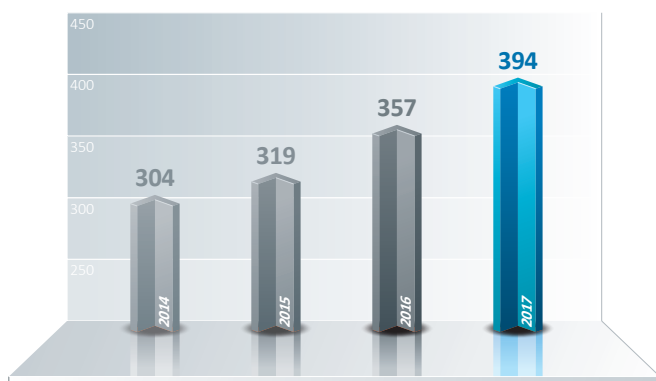
3. Human resources

Personnel development reacted to expansion of business activities mainly in the segment of logistics and transport, which manifested itself by increase of number of employees comparing to the previous periods.

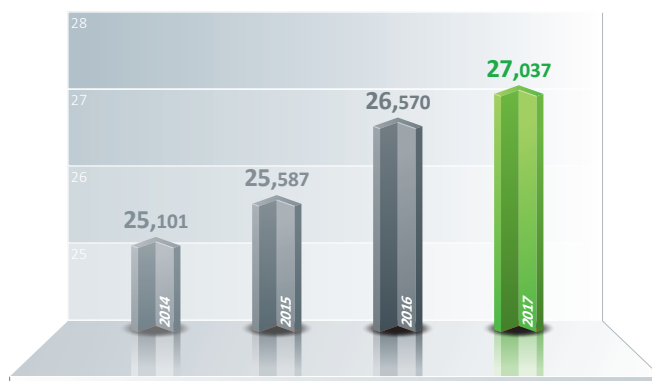
Average recounted staff numbers increased in comparison to 2016 by 36 workers to 394. By 31 / 3 / 2018, the company employed 397 employees, which is an increase by 12 workers in comparison to the previous period.

The average monthly salary in 2017 reached 27,037 CZK.

Recalculated headcount

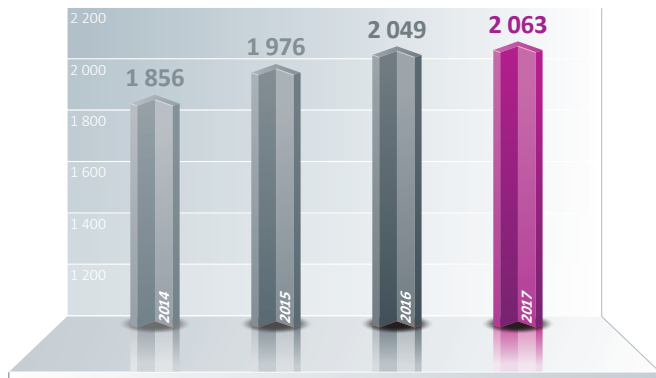


Average earnings in CZK



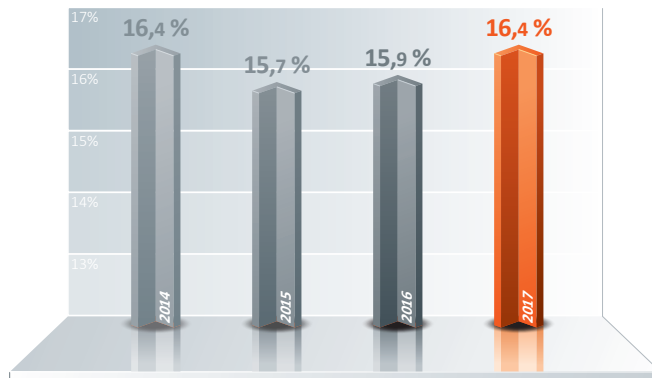
Productivity from revenues in CZK thousand

Sales attributable to one employee, the indicator for 2017 is calculated for the average for 12 months in order to allow comparison with the previous period.



Salary costs in %

Ratio of personnel costs to revenues



4. Education – PST CLC, a company that is learning

The management of PST CLC understands the importance of human resources and therefore, employees' education is one of the priorities. The unemployment rate in the Czech Republic was about 3 % in 2017. In this situation, an important factor of motivation for increasing work performance and also keeping qualified employees is their development. Based on regular evaluation of employees' work performance, a training plan was set up, mainly based on the needs of the company and corresponding to the expectations of employees.

The development of both hard and soft skills

In PST CLC, an equal access of employees to education and learning is maintained, both on a basic but also on a higher level of key and professional competence development according to their job's needs. All specialists and experts regularly attend trainings on their subject so that their expertise is permanently high. We actively benefit from the knowledge of our employees in their fields by organizing seminars where they transmit their know-how to other colleagues. In 2017, several training sessions focused on motivation and communication were held. Costs incurred for employees' training including language lessons increased by 27 % in 2017 when compared to 2016.

Cooperation with schools

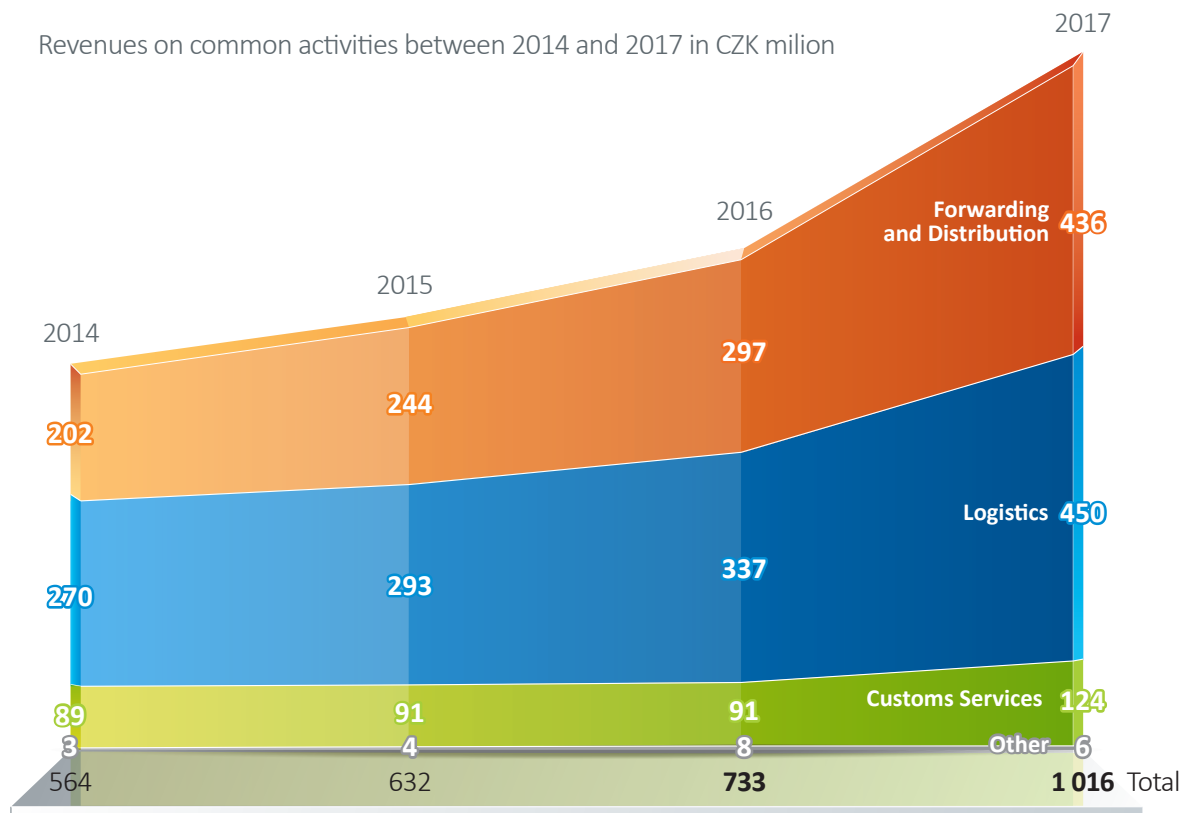
Our company provides internships for students of secondary schools and vocational colleges focused on logistics and transport. We're planning to continue with this trend in the next year as well.



5. Selected Economic Indicators

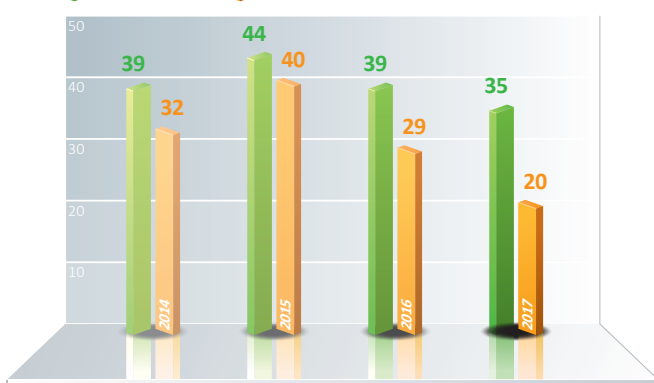
2017 has 15 months starting on 1 January 2017 and ending on 31 March 2018 (hereinafter 2017)

Revenues on common activities between 2014 and 2017 in CZK milion

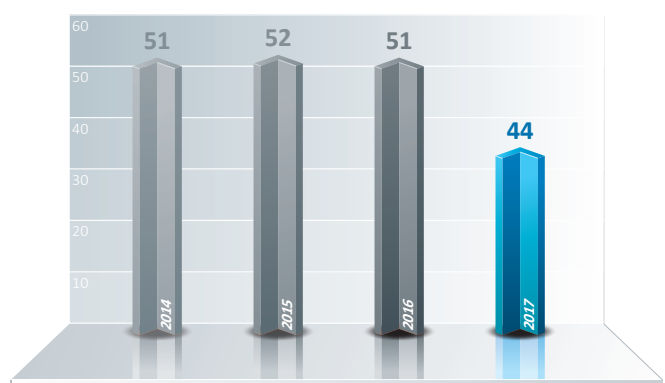


Profit (CZK milion)

Operating profit Profit after tax



EBITDA (CZK milion)



6. Expected development in the next years

2017 was another year with a significant business progress for our company. We successfully work on wider cooperation with our existing clients which is proved by our achievements in tenders opened by Continental Barum and Philip Morris. To continue working with them is not only a reward for last few months in which we had to go through demanding processes of selection procedures but also a major challenge to defend our already built positions.

We also strive to find new business partners which we were definitely successful at in 2017. We continuously develop all our three core activities which allow us to present ourselves as complex logistics service provider. Thanks to it, we were able to increase sales in all our divisions and we also started the operation of a new customs office in the premises of Witte Automotive Nejdek.

Our effort to build a new modern warehouse in Úžice was only partially successful. Although we have a warehouse and clients for it, we are not doing very well in setting such operational processes that would secure the profitability of this centre. LC Úžice is our biggest and most modern warehouse and the management of our logistics division has a clear task ahead for 2018 – to stabilize its operation both with regard to staff and operation and make it the flagship of our logistics division.

The management of logistics division is also responsible for the development of business activities in our subsidiaries in Hungary. After successful cooperation with Zoltek, we have implemented another big internal logistics project – for Nissin Foods. We plan to further develop both these projects and we will also focus on the development of business activities at potential new clients, mainly in the field of transport.

Also, our cooperation with our affiliated company Prime Cargo A/S which is a part of the European part of group since 2015 has developed. The progress mainly in the field of air and maritime transport is also evident in the whole Mitsui-Soko group, there was a huge year-to-year increase and we expect the same trend to continue also the following years as well.

The management of customs services division has set a difficult task for itself for 2018. We wish to make a significant progress in this field and become the market leader. We also plan to carry out such actions and campaigns together with our marketing department which will support these efforts.

To successfully handle all challenges, it is necessary to have quality employees at all levels. That is why we will continue to invest into the improvement of their expertise both in the field of their professional interest and in languages. Moreover, we intend to implement such remuneration system which will present us as a quality and popular employer.

7. Activities in research and development

With respect to the subject of business of the company, which is the provision of services in the field of logistics, forwarding and customs services, the company is not pursuing any activities in research and development.

8. Activities in environmental protection

In 2017, the company abided by all the laws, rules and regulations concerning environmental protection.

9. Information about the division abroad

The company has never had a part of its business premises abroad in 2017.

10. Events that occurred after the date of final accounts

After the final date of the financial statement, there were some changes to the board of directors of the company. As of 31 March 2018, members of the board of directors Masaji Hosody a Yoshiaki Miyajimi ceased their activity in the board and on 1 April, Kazuo Iwanaji and Shigeki Kanai became new members.

Another change happened with regard to the chairman of the supervisory board of the company, Kazukiko Tanaku became a new chairman instead of Mitsugu Kai on 1 April 2018.

FINANCIAL PART



Financial Statements for the year ended 31 March 2018

Name of the Company: **PST CLC, a.s.**

Registered Office: **Nádražní 969/112, 702 00 Ostrava - Moravská Ostrava**

Legal Status: **Joint Stock Company**

Corporate ID: **253 97 249**

Components of the Financial Statements:

Balance Sheet



Profit and Loss Account

Statement of Changes in Equity

Cash Flow Statement

Notes to the Financial Statements

These financial statements were prepared on 11 June 2018.

| Statutory body of the reporting entity | Signature |
|---|--|
| Vít Votroubek Chairman of the Board of Directors |  |
| Jiří Bradna Member of the Board of Directors |  |

Balance Sheet Full Version

As of 31. 3. 2018 (in CZK thousand)

PST CLC, a.s.
Corporate ID 253 97 249

Nádražní 969/112
702 00 Ostrava - Moravská Ostrava

| | | 31. 3. 2018 | | | 31. 12. 2016 |
|------------------|--|----------------|------------------|----------------|----------------|
| | | Gross | Adjustment | Net | Net |
| | TOTAL ASSETS | 491 924 | - 110 096 | 381 828 | 368 952 |
| B. | Fixed assets | 140 335 | - 75 742 | 64 593 | 62 723 |
| B.I. | Intangible fixed assets | 9 801 | - 8 902 | 899 | 647 |
| B.I.2. | Intellectual property rights | 9 801 | - 8 902 | 899 | 501 |
| B.I.2.1. | Software | 9 801 | - 8 902 | 899 | 501 |
| B.I.5. | Advance payments for intangible fixed assets and intangible fixed assets under construction | | | | 146 |
| B.I.5.2. | Intangible fixed assets under construction | | | | 146 |
| B.II. | Tangible fixed assets | 120 154 | - 66 840 | 53 314 | 49 613 |
| B.II.1. | Land and buildings | 2 659 | - 1 604 | 1 055 | 991 |
| B.II.1.2. | Buildings | 2 659 | - 1 604 | 1 055 | 991 |
| B.II.2. | Plant and equipment | 103 519 | - 60 328 | 43 191 | 37 858 |
| B.II.3. | Adjustments to acquired fixed assets | 13 590 | - 4 908 | 8 682 | 9 815 |
| B.II.5. | Advance payments for tangible fixed assets and tangible fixed assets under construction | 386 | | 386 | 949 |
| B.II.5.1. | Advance payments for tangible fixed assets | 70 | | 70 | 949 |
| B.II.5.2. | Tangible fixed assets under construction | 316 | | 316 | |
| B.III. | Long-term investments | 10 380 | | 10 380 | 12 463 |
| B.III.1. | Equity investments - group undertakings | 10 380 | | 10 380 | 10 380 |
| B.III.6. | Loans - other | | | | 2 083 |
| C. | Current assets | 342 482 | - 34 354 | 308 128 | 293 680 |
| C.I. | Inventories | 2 016 | | 2 016 | 1 437 |
| C.I.1. | Raw materials | 261 | | 261 | 89 |
| C.I.3. | Finished goods and goods for resale | 1 755 | | 1 755 | 1 348 |
| C.I.3.2. | Goods for resale | 1 755 | | 1 755 | 1 348 |
| C.II. | Receivables | 266 833 | - 34 354 | 232 479 | 182 801 |
| C.II.1. | Long-term receivables | 83 | | 83 | |
| C.II.1.4. | Deferred tax asset | 83 | | 83 | |
| C.II.2. | Short-term receivables | 266 750 | - 34 354 | 232 396 | 182 801 |
| C.II.2.1. | Trade receivables | 192 015 | - 3 603 | 188 412 | 152 800 |
| C.II.2.4. | Receivables - other | 74 735 | - 30 751 | 43 984 | 30 001 |
| C.II.2.4.3. | Tax receivables | 4 460 | | 4 460 | 3 349 |
| C.II.2.4.4. | Short-term advances paid | 4 152 | | 4 152 | 9 553 |
| C.II.2.4.5. | Estimated receivables | 10 910 | | 10 910 | 2 289 |
| C.II.2.4.6. | Other receivables | 55 213 | - 30 751 | 24 462 | 14 810 |
| C.IV. | Cash | 73 633 | | 73 633 | 109 442 |
| C.IV.1. | Cash in hand | 193 | | 193 | 299 |
| C.IV.2. | Bank accounts | 73 440 | | 73 440 | 109 143 |
| D. | Deferrals | 9 107 | | 9 107 | 12 549 |
| D.1. | Prepaid expenses | 9 107 | | 9 107 | 11 379 |
| D.3. | Accrued revenues | | | | 1 170 |

Balance Sheet Full Version

As of 31. 3. 2018 (in CZK thousand)

PST CLC, a.s.
Corporate ID 253 97 249
Nádražní 969/112
702 00 Ostrava - Moravská Ostrava

| | | 31. 3. 2018 | 31. 12. 2016 |
|----------------|--|----------------|----------------|
| | TOTAL LIABILITIES AND EQUITY | 381 828 | 368 952 |
| A. | Equity | 259 250 | 259 007 |
| A.I. | Registered capital | 80 010 | 80 010 |
| A.I.1. | Registered capital | 80 010 | 80 010 |
| A.II. | Premium and capital contributions | 42 690 | 42 735 |
| A.II.1. | Premium | 42 690 | 42 690 |
| A.II.2. | Capital contributions | | 45 |
| A.II.2.1. | Other capital contributions | | 45 |
| A.IV. | Retained earnings (+/-) | 116 307 | 107 317 |
| A.IV.1. | Retained profits | 116 307 | 107 317 |
| C.II.3. | Profit (loss) for the current period (+/-) | 20 243 | 28 945 |
| B. + C. | Liabilities | 107 631 | 101 932 |
| B. | Provisions | 1 598 | 1 293 |
| B.IV. | Other provisions | 1 598 | 1 293 |
| C. | Liabilities | 106 033 | 100 639 |
| C.I. | Long-term liabilities | | 924 |
| C.I.8. | Deferred tax liability | | 924 |
| C.II. | Short-term liabilities | 106 033 | 99 715 |
| C.II.3. | Short-term advances received | 7 696 | 3 561 |
| C.II.4. | Trade payables | 60 243 | 73 176 |
| C.II.8. | Liabilities - other | 38 094 | 22 978 |
| C.II.8.1. | Liabilities to shareholders/members | 173 | |
| C.II.8.3. | Payables to employees | 8 182 | 7 834 |
| C.II.8.4. | Social security and health insurance liabilities | 4 884 | 4 618 |
| C.II.8.5. | Tax liabilities and subsidies | 1 906 | 1 157 |
| C.II.8.6. | Estimated payables | 19 977 | 5 476 |
| C.II.8.7. | Other payables | 2 972 | 3 893 |
| D. | Accruals | 14 947 | 8 013 |
| D.1. | Accrued expenses | 14 947 | 7 630 |
| D.2. | Deferred revenues | | 383 |

Profit and Loss Account structured by the nature of expense method

Period ended 31. 3. 2018 (in CZK thousand)

PST CLC, a.s.
Corporate ID 253 97 249
Nádražní 969/112
702 00 Ostrava - Moravská Ostrava

| | | 31. 3. 2018 | 31. 12. 2016 |
|-------------|--|------------------|----------------|
| I. | Revenue from products and services | 1 015 504 | 733 227 |
| II. | Revenue from goods | 1 444 | 596 |
| A. | Cost of sales | 732 072 | 517 773 |
| A.1. | Cost of goods sold | 1 119 | 443 |
| A.2. | Materials and consumables | 23 030 | 16 518 |
| A.3. | Services | 707 923 | 500 812 |
| D. | Personnel expenses | 230 812 | 161 613 |
| D.1. | Wages and salaries | 166 612 | 116 722 |
| D.2. | Social security, health insurance and other expenses | 64 200 | 44 891 |
| D.2.1. | Social security and health insurance expenses | 56 755 | 39 471 |
| D.2.2. | Other expenses | 7 445 | 5 420 |
| E. | Adjustments relating to operating activities | 17 812 | 13 268 |
| E.1. | Adjustments to intangible and tangible fixed assets | 18 359 | 13 783 |
| E.1.1. | Depreciation and amortisation of intangible and tangible fixed assets | 18 359 | 13 783 |
| E.3. | Adjustments to receivables | - 547 | - 515 |
| III. | Other operating revenues | 334 385 | 218 472 |
| III.1. | Proceeds from disposals of fixed assets | 4 559 | 1 189 |
| III.3. | Miscellaneous operating revenues | 329 826 | 217 283 |
| F. | Other operating expenses | 335 240 | 220 260 |
| F.1. | Net book value of fixed assets sold | 2 000 | 459 |
| F.3. | Taxes and charges | 341 | 231 |
| F.4. | Provisions relating to operating activity and complex prepaid expenses | 305 | |
| F.5. | Miscellaneous operating expenses | 332 594 | 219 570 |
| * | Operating profit (loss) (+/-) | 35 397 | 39 381 |
| VI. | Interest revenue and similar revenue | 6 | 53 |
| VI.2. | Other interest revenue and similar revenue | 6 | 53 |
| VII. | Other financial revenues | 9 176 | 6 779 |
| K. | Other financial expenses | 19 159 | 8 634 |
| * | Profit (loss) from financial operations | - 9 977 | - 1 802 |
| ** | Profit (loss) before tax (+/-) | 25 420 | 37 579 |
| L. | Income tax | 5 177 | 8 634 |
| L.1. | Current tax | 6 184 | 8 673 |
| L.2. | Deferred tax (+/-) | - 1 007 | - 39 |
| ** | Profit (loss) after tax (+/-) | 20 243 | 28 945 |
| *** | Profit (loss) for the accounting period (+/-) | 20 243 | 28 945 |
| * | Net turnover for the accounting period | 1 360 515 | 959 127 |

Statement of Changes in Equity

Period ended 31. 3. 2018
(in CZK thousand)

PST CLC, a.s.
Corporate ID 253 97 249
Nádražní 969/112
702 00 Ostrava - Moravská Ostrava

| | Registered capital | Premium | Other capital contributions | Retained profits | Profit (loss) for the current period | Total |
|--------------------------------------|--------------------|---------------|-----------------------------|------------------|--------------------------------------|----------------|
| Balance as at 1. 1. 2017 | 80 010 | 42 690 | 45 | 107 317 | 28 945 | 259 007 |
| Additions to funds | | | | 28 945 | | 28 945 |
| Reductions of funds | | | - 45 | 45 | - 28 945 | - 28 945 |
| Dividends | | | | - 20 000 | | - 20 000 |
| Profit (loss) for the current period | | | | | 20 243 | 20 243 |
| Balance as at 31. 3. 2018 | 80 010 | 42 690 | | 116 307 | 20 243 | 259 250 |

| | | | | | | |
|--|---------------|---------------|-----------|----------------|---------------|----------------|
| Balance as at 1. 1. 2016 | 80 010 | 42 690 | 45 | 100 208 | 40 109 | 263 062 |
| Transfer of the profit (loss) of prior year period | | | | 40 109 | - 40 109 | |
| Dividends | | | | - 33 000 | | - 33 000 |
| Profit (loss) for the current period | | | | | 28 945 | 28 945 |
| Balance as at 31. 12. 2016 | 80 010 | 42 690 | 45 | 107 317 | 28 945 | 259 007 |

Cash Flow Statement

Period ended 31. 3. 2018
(in CZK thousand)

PST CLC, a.s.
Corporate ID 253 97 249
Nádražní 969/112
702 00 Ostrava - Moravská Ostrava

| | | 31. 3. 2018 | 31. 12. 2016 |
|--------------------------------|--|-----------------|-----------------|
| P. | Cash and cash equivalents, beginning of period | 109 442 | 127 039 |
| Net operating cash flow | | | |
| Z: | Accounting profit (loss) from ordinary activities | 25 420 | 37 579 |
| A.1. | Non-cash transactions | 15 776 | 13 203 |
| A.1.1. | Depreciation and amortisation of fixed assets | 17 226 | 12 877 |
| A.1.2. | Change in: | 892 | 391 |
| A.1.2.1. | goodwill and adjustments to acquired assets | 1 133 | 906 |
| A.1.2.2. | provisions and other adjustments | - 241 | - 515 |
| A.1.3. | Profit (-) Loss (+) on sale of fixed assets | - 2 559 | - 730 |
| A.1.5. | Expense and revenue interests accounted for | - 6 | - 53 |
| A.1.6. | Other non-cash transactions | 223 | 718 |
| A*. | Net operating cash flow before taxation financial items, changes in working capital and extraordinary items | 41 196 | 50 782 |
| A.2. | Changes in working capital | - 29 509 | 1 443 |
| A.2.1. | Change in receivables from operating activities, estimated receivables and deferrals | - 42 009 | - 12 615 |
| A.2.2. | Change in short-term liabilities from operating activities, estimated payables and accruals | 13 079 | 15 272 |
| A.2.3. | Change in inventories | - 579 | - 1 214 |
| A.** | Net operating cash flow before taxation, financial balances, and extraordinary items | 11 687 | 52 225 |
| A.4. | Interest received | 6 | 53 |
| A.5. | Income tax paid on ordinary income and income tax relating to prior periods | - 9 979 | - 8 777 |
| A.*** | Net operating cash flow | 1 714 | 43 501 |
| Investing activities | | | |
| B.1. | Acquisition of fixed assets | - 23 921 | - 29 287 |
| B.1.1. | Acquisition of tangible fixed assets | - 23 173 | - 29 287 |
| B.1.2. | Acquisition of intangible fixed assets | - 1 165 | |
| B.1.3. | Acquisition of long-term investments | 417 | |
| B.2. | Proceeds from sales of fixed assets | 4 559 | 1 189 |
| B.2.1. | Proceeds from sales of tangible and intangible fixed assets | 4 559 | 1 189 |
| B.3. | Advances and loans to related parties | 1 666 | |
| B.*** | Net cash flow from investing activities | - 17 696 | - 28 098 |
| Financing activities | | | |
| C.1. | Change in long-term resp.short-term liabilities from financing | 173 | |
| C.2. | Increase and decrease in equity from cash transactions | - 20 000 | - 33 000 |
| C.2.2. | Dividends paid, including withholding tax paid and bonuses paid to board members | | - 33 000 |
| C.*** | Net cash flow from financing activities | - 19 827 | - 33 000 |
| F. | Net increase or decrease in cash balance | - 35 809 | - 17 597 |
| R. | Cash and cash equivalents, end of period | 73 633 | 109 442 |

Notes to the Financial Statements for the Period from 1 January 2017 to 31 March 2018

Name of the Company: **PST CLC, a.s.**
Registered Office: **Nádražní 969/112, 702 00 Ostrava - Moravská Ostrava**
Legal Status: **Joint Stock Company**
Corporate ID: **253 97 249**

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1. GENERAL INFORMATION

1.1. Incorporation and Description of the Business

The recording entity PST CLC, a.s. was formed on 26 February 1998 and was incorporated following its registration in the Register of Companies held by the Regional Court in Ostrava, File B, Insert 1895, on 30 June 1998.

The principal activities of the Company include logistics, shipment and customs services.

Registered office

PST CLC, a.s.
Nádražní 969/112 702 00 Ostrava, Moravská Ostrava
Czech Republic
Corporate ID 253 97 249

Shareholders of the Company

The sole shareholder of the Company as of 31 March 2018 is Mitsui-Soko (Europe) s.r.o., holding the shares with a nominal value of CZK 80,010,000 which is the 100% investment in the share capital of the issuer.

Mitsui-Soko (Europe) s.r.o. with its registered office at Prosecká 855/68, Prosek, 190 00 Praha 9 prepares consolidated financial statements for the closest group of reporting entities. These financial statements are available at the registered office of Mitsui-Soko (Europe).

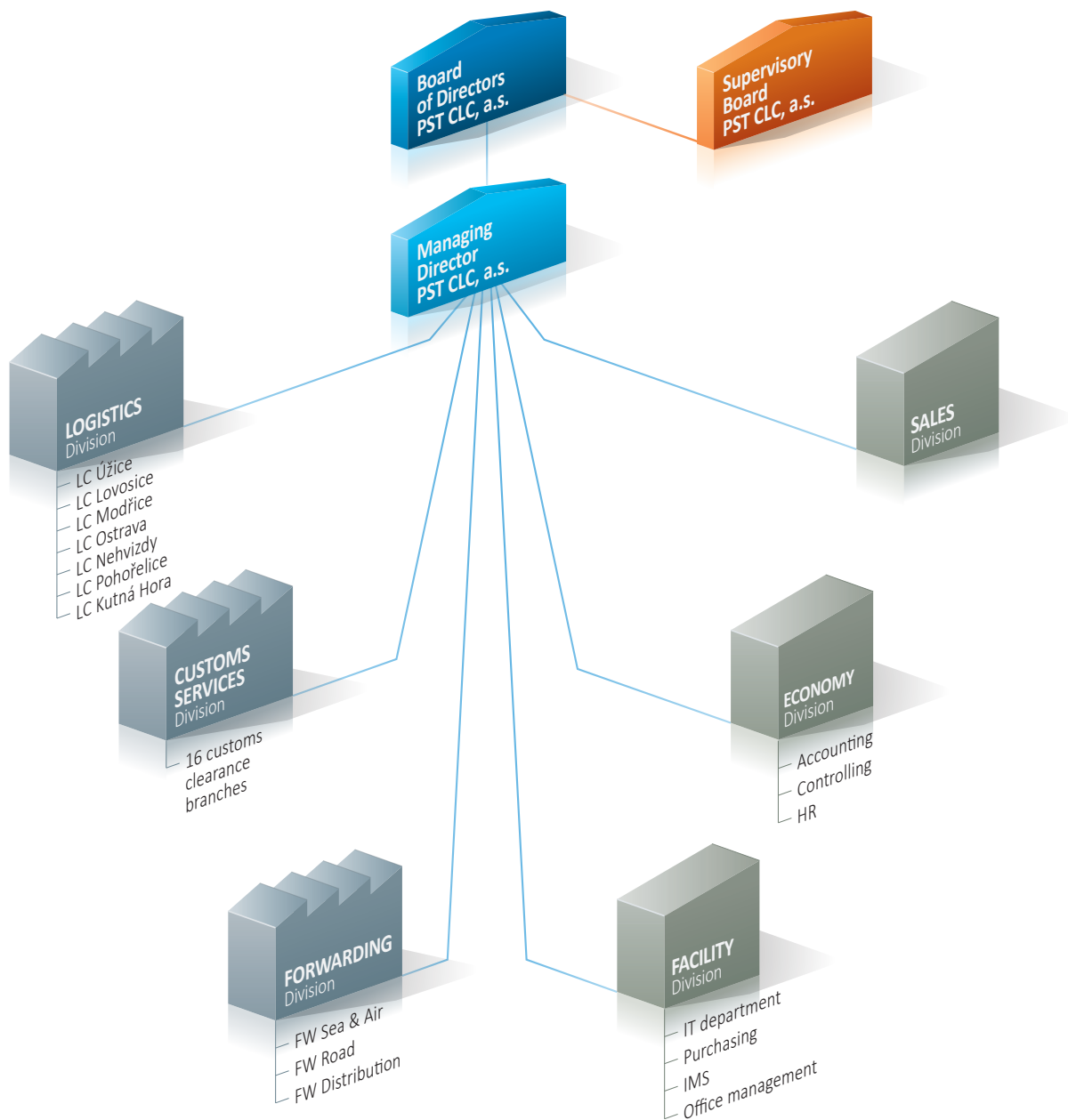
1.2. Changes and additions in the Commercial Register in the past accounting period

During 2017, Mitsui-Soko (Europe) changed the address of its registered office, this change was entered in the Commercial Register on 4 August 2017.

1.3. Organisational Structure

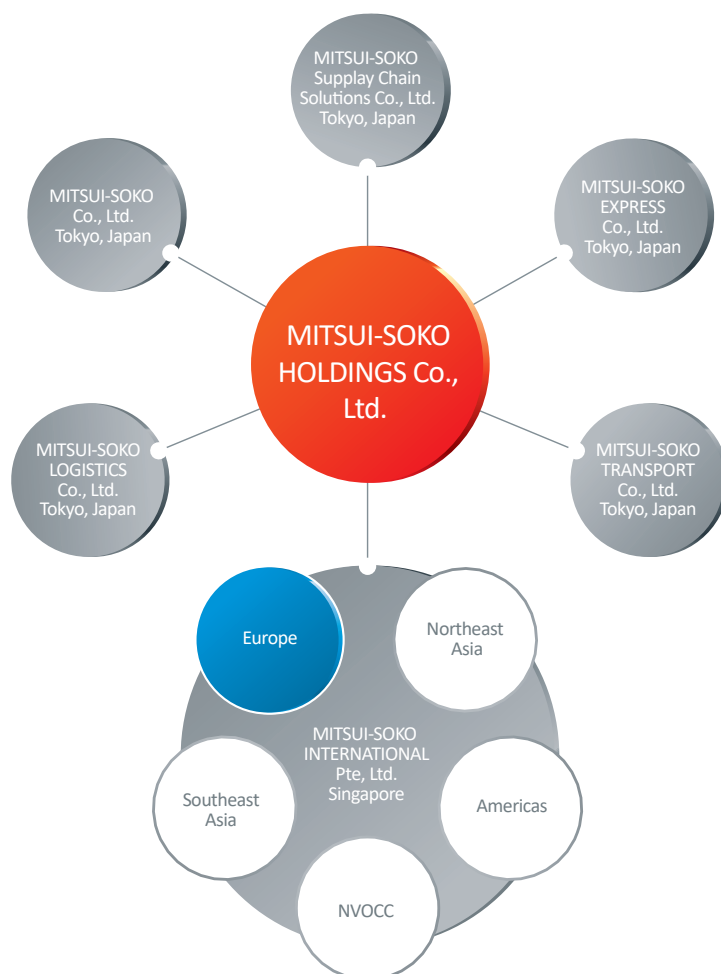
The company is divided into executive divisions according to the nature of provided services, those divisions are logistics, forwarding and customs services. The divisions secure technical and business functions necessary for their own functioning and performing activities in the extent of their registered business activity and competence.

Non-executive divisions are administrative, economic division and sales and marketing.

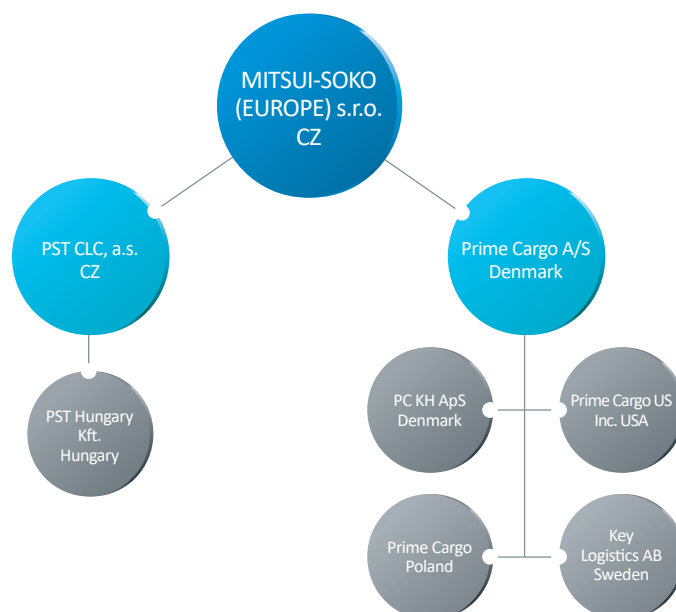


1.4. Group Identification

In the Group, the holding structure system is set with the ultimate parent, Mitsui-Soko Holdings. The Company is part of the group of European companies managed by Mitsui-Soko International, refer to the below scheme.



In 2017, the following changes took place in the European part of the Group. Prime Cargo A/S sold One Chain Logistic and acquired Key Logistics AB in which it's an owner of 30 %. The acquisition of Prime Cargo A/S was realised in May 2015. This entity was acquired as a 100% subsidiary of Mitsui-Soko (Europe) s.r.o. The Hungarian company PST Hungary Kft. was formed as a 100% subsidiary of PST CLC, a.s., in September 2015. For a full structure of the European part refer to the below scheme.



1.5. Board of Directors and the Supervisory Board as of the Balance Sheet Date

| | Position | Name |
|---------------------------|---------------|-------------------|
| Board of Directors | Chairman | Vít Votroubek |
| | Vice-Chairman | Miroslav Bradna |
| | Member | Jiří Bradna |
| | Member | Yoshiaki Miyajima |
| | Member | Hajime Ogawa |
| | Member | Masaji Hosoda |
| Supervisory Board | Chairman | Kazuhiko Tanaka |
| | Member | Vojtěch Brouček |
| | Member | Pavína Otýpková |

2. ACCOUNTING PRINCIPLES AND POLICIES

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., as amended; Regulation 500/2002 Coll., which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and the Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis (unless stated otherwise), the accruals principle, the prudence concept, and the going concern assumption.

The financial statement is compiled for the period of 15 months starting from 1 January 2017 and ending on 31 March 2018 (hereinafter referred to as the "2017") because of a transition from an accounting period to a fiscal year. The comparable period is the calendar year of 2016.

If not stated otherwise, financial data in this financial statement are given in thousands of Czech crowns (CZK).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Tangible and Intangible Fixed Assets

Fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 40 thousand in respect of tangible assets, and CZK 60 thousand in respect of other intangible assets, on an individual basis.

Purchased tangible and intangible fixed assets are stated at cost less accumulated depreciation and provisions, if any.

When assessing the use and depreciation of tangible and intangible fixed assets, it was determined that the Company will use a single procedure for the depreciation. The depreciation period determined by the act and operational use in the organisation are equal, the depreciation is provided on a straight line basis in accordance with Section 30 and 31 of Act No. 586/1992 Coll. on Income Taxes. The depreciation plan of fixed assets for accounting purposes is identical to the methods used in the calculation of depreciation for tax purposes.

Assets are depreciated for accounting purposes using the depreciation rate according to the Income Taxes Act, the depreciation for accounting purposes is recognised starting with the month of the putting of the assets into use.

The only exception is the depreciation of technical improvements on buildings that are not owned by the Company. The depreciation for accounting purposes relates to the length of the contract pertaining to the leased asset.

Pursuant to the inventory count, the Company considers provisions against tangible fixed assets to the extent that the carrying value temporarily does not match the actual balance.

3.2. Low Value Tangible and Intangible Assets

The Company determined that low value tangible assets with the cost ranging from CZK 10 thousand to CZK 40 thousand and useful life exceeding one year, are depreciated over 12 months on a straight line basis following their being put into use. Low value assets with the cost lower than CZK 10 thousand are recognised in consumption.

Low value intangible assets with the cost ranging from CZK 10 thousand to CZK 60 thousand and useful life exceeding one year, are depreciated over 12 months on a straight line basis following their being put into use. Low value assets with the cost lower than CZK 10 thousand are recognised in consumption.

Tangible and intangible fixed assets are carried at cost.

3.3. Financial Assets

Financial assets with maturity or intent to hold exceeding one year are reported as non-current; financial assets with maturity or intent to hold up to one year are considered current.

Valuation of Financial Assets upon Acquisition

Upon acquisition, investments, securities and derivatives are stated at cost including the share premium and indirect acquisition costs.

Valuation of Financial Assets at the Balance Sheet Date

The equity investment is stated at cost net of provisions.

The Company reports the long-term part of the provided loan in 'Loans and borrowings – other', the short-term part is presented in 'Other receivables'.

As of the balance sheet date, the provided loan was measured at the amount of the outstanding portion of the principal.

3.4. Inventory

The Company recognises only the inventory of office equipment and pallets in logistics terminals. This inventory is carried at cost.

The Company recognises no provisions against inventory given their nature and volume.

3.5. Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions.

The Company recognises provisions against receivables from debtors in the bankruptcy and settlement proceedings or insolvency proceedings and against non-statute barred receivables in the amount determined by Provisioning Act No. 593/1992 Coll. The provision exceeding the creation defined by the Act is recognised up to 100% in receivables from companies in which an extraordinary situation impacting the payment risk occurred, depending on the amount of the risk and known circumstances of each case. In other cases, provisions are recognised in the amount of 100% for receivables where more than six months passed after the end of the agreed maturity period.

3.6. Payables

Payables are stated at their nominal value.

3.7. Foreign Currency Translation

The Company translates foreign currencies using the daily exchange rate of the Czech National Bank. During the year, the Company recognises only realised foreign exchange rate gains and losses.

Assets and liabilities denominated in foreign currencies as of the balance sheet date are translated using the official exchange rate of the Czech National Bank. Unrealised foreign exchange rate gains and losses are recognised in profit or loss.

3.8. Finance Leases

Finance lease payments are recorded to expenses. The initial lump-sum payment related to assets acquired under finance leases is amortised and expensed over the lease period. Upon the termination of the lease and use of the possibility of purchase, the leased asset is included in the assets of the Company at purchase price.

Operating lease payments are expensed.

3.9. Provisions

As of the balance sheet date, the provision for untaken holiday is created on the basis of the analysis of non-used leave for the given accounting period and average wage costs including the social security and health insurance costs according to individual employees.

An income tax provision is established as the financial statements are prepared before the tax liability is determined. In the subsequent accounting period, the Company releases this provision and records the actual tax liability determined.

In the balance sheet, the income tax provision is reduced by income tax prepayments, and the net receivable (if any) is recorded in tax receivables.

3.10. Current Tax

Management of the Company has recognised a tax payable and a tax charge based on its tax calculation which follows from its understanding of the interpretation of Czech tax legislation valid at the financial statements date and believes that the amount of tax is correct in compliance with the effective Czech tax regulations. Since various interpretations of tax laws and regulations by third parties, including state administrative bodies, exist, the income tax payable reported in the Company's financial statements may change based on the ultimate opinion of the tax authorities.

3.11. Deferred Tax

Deferred tax is accounted for using the balance sheet liability method. The deferred tax is recognised in the profit and loss account. Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

3.12. Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

3.13. Revenue Recognition

Revenues from the provision of logistics, shipment and customs services are recognised at the moment of the transaction resulting from concluded contracts, in the period to which they relate on an accrual basis and are recognised in the amount of the consideration received or receivable and represent amounts receivable for goods and services provided in the normal course of business, net of discounts, and value added tax.

3.14. Use of Estimates

The presentation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcome in the future may differ from these estimates.

3.15. Year-on-Year Changes in Accounting Policies

The company didn't change accounting policies in 2017 but it was in the process of transition from a calendar year to a fiscal year. 2017 exceptionally had 15 months.

3.16. Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance. Cash and cash equivalents can be analysed as follows:

| | (CZK '000) | |
|---|---------------|----------------|
| | 31. 3. 2018 | 31. 12. 2016 |
| Cash on hand and cash in transit | 193 | 222 |
| Cash at bank | 73 440 | 109 143 |
| Cash equivalents included in current financial assets | 0 | 77 |
| Total cash and cash equivalents | 73 633 | 109 442 |

As of 31 March 2018, the availability of the cash balance on the blocking bank account of CZK 10,548 thousand (2016: CZK 231 thousand) was restricted. This cash is blocked in line with the contractual terms for banking guarantees.

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

4. ADDITIONAL INFORMATION

4.1. Intangible Fixed Assets (Intangible FA)

Cost

| | (CZK '000) | | | |
|----------------------------------|-----------------|--------------|-----------|-----------------|
| | Opening balance | Additions | Disposals | Closing balance |
| Software | 8 636 | 1 165 | 0 | 9 801 |
| Intangible FA under construction | 146 | 0 | 146 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Total in 2017 | 8 782 | 1 165 | 0 | 9 801 |
| Total in 2016 | 8 520 | 262 | 0 | 8 782 |

Provisions and Accumulated Depreciation

| | (CZK '000) | | | | | |
|----------------------------------|-----------------|------------|-----------|-----------------|------------|----------------|
| | Opening balance | Additions | Disposals | Closing balance | Provisions | Net book value |
| Software | 8 135 | 767 | 0 | 8 902 | 0 | 899 |
| Intangible FA under construction | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| Total in 2017 | 8 135 | 767 | 0 | 8 902 | 0 | 899 |
| Total in 2016 | 7 521 | 614 | 0 | 8 135 | 0 | 647 |

In 2017 and 2016, the Company disposed of no intangible assets for which it would have recorded the net book value at the moment of the disposal.

4.2. Tangible Fixed Assets (Tangible FA)

Cost

(CZK '000)

| | Opening balance | Additions | Disposals | Closing balance |
|---|-----------------|---------------|---------------|-----------------|
| Buildings | 3 299 | 1 144 | 1 784 | 2 659 |
| Tangible movable assets and their sets | 90 179 | 22 712 | 9 372 | 103 519 |
| Valuation difference on acquired assets | 13 590 | 0 | 0 | 13 590 |
| Unfinished FA | 0 | 316 | 0 | 316 |
| Prepayments for tangible FA | 949 | - 879 | 0 | 70 |
| Total in 2017 | 108 017 | 23 293 | 11 156 | 120 154 |
| Total in 2016 | 85 223 | 29 026 | 6 232 | 108 017 |

Provisions and Accumulated Depreciation

(CZK '000)

| | Opening balance | Additions | Disposals balance | Closing | Provisions | Net book value |
|---|-----------------|---------------|-------------------|---------------|------------|----------------|
| Buildings | 2 308 | 1 080 | 1 784 | 1 604 | 0 | 1 055 |
| Tangible movable assets and their sets | 52 321 | 15 379 | 7 372 | 60 328 | 0 | 43 191 |
| Valuation difference on acquired assets | 3 775 | 1 133 | 0 | 4 908 | 0 | 8 682 |
| Unfinished FA | 0 | 0 | 0 | 0 | 0 | 316 |
| Prepayments for tangible FA | 0 | 0 | 0 | 0 | 0 | 949 |
| Total in 2017 | 58 404 | 17 592 | 9 156 | 66 840 | 0 | 53 314 |
| Total in 2016 | 51 007 | 13 629 | 6 232 | 58 404 | 0 | 49 613 |

The most significant additions in 2017 included the equipment of the warehouse – shelving systems (CZK 5,860 thousand), cars (CZK 6,651 CZK) and EZS systems (CZK 4,094 thousand).

In 2017, the Company sold assets with the net book value of CZK 2,000 thousand (2016: CZK 459 thousand). The total selling price was CZK 4,559 thousand (2016: CZK 1,189 thousand).

In addition to the disposal of sold assets, the Company additionally disposed of the fully depreciated assets in 2017.

Valuation difference on acquired assets:

Given an investment of a business part of Mitsui-Soko (Europe) s.r.o. as of 1 November 2012, the Company records a positive valuation difference on acquired assets. As of the investment date, the valuation difference including the deferred tax liability amounted to CZK 13,590 thousand. The total depreciation period is determined to be 180 months, the balance as of 31 March 2018 is CZK 8,682 thousand (2016: CZK 9,815 thousand).

Finance lease with a subsequent purchase of the leased asset:

The Company does not carry any lease contracts in its records.

Operating lease:

Costs for operating lease reached 9,725 thousand CZK (2016: CZK 7,084 thousand).

4.3. Non-Current Financial Assets

Equity investments in controlled entities as of 31 March 2018:

| (CZK '000) | | | | | | |
|------------------|-------|---|---------------|-------------------|--------------------------|-----------------|
| Company | Share | Registered office | Cost | Company's equity* | Company's profit or loss | Carrying amount |
| PST Hungary Kft. | 100 % | 2536 Nyergesújfalu, Kossuth L út 84., Hungary | 10 380 | 10 521 | 3 259 | 10 380 |
| Total | | | 10 380 | 10 521 | 3 259 | 10 380 |

*) Data for the period from 1 January 2017 – 31 December 2017

The subsidiary, PST Hungary Kft. with its registered office at 2536 Nyergesújfalu, Kossuth L út 84., Hungary, Corporate ID 01-09-270158 was formed in 2015.

Other non-current financial assets:

The company does not keep record of any other long-term financial assets as of 31 March 2018 (as of 31 December 2016, it was 2,083 thousand CZK). It was a long-term part of the loan provided to O.K. KONSTRUKCE - REALITY, spol. s r.o. for the construction of LC Kutná Hora where the company provides services in the field of logistics for its key clients. During 2016, a new loan contract of 5,000 thousand CZK was concluded and the closing balance of 1,667 thousand CZK as of 31 March 2018 is recorded in Other receivables.

4.4. Inventory

As of 31 March 2018, the inventory in the gross amount of CZK 2,016 thousand (2016: CZK 1,437 thousand) includes only the inventory of office supplies of CZK 261 thousand (2016: CZK 89 thousand) and the inventory of pallets of CZK 1,755 thousand (2016: CZK 1,348 thousand). The Company recognised no provision against this inventory.

4.5. Short-Term Receivables

Short-term trade receivables as of 31 March 2018 (gross) amount to CZK 192,015 thousand (2016: CZK 156,653 thousand), of which CZK 15,784 thousand (2016: CZK 13,725 thousand) is overdue.

The provision against these receivables as of 31 March 2018 amounted to CZK 3,603 thousand (2016: CZK 3,853 thousand).

Other receivables include receivables from customs debts and other receivables. As of 31 March 2018, their gross amount is CZK 55,213 thousand (2016: CZK 45,857 thousand), of which CZK 34,841 thousand (2016: CZK 34,947 thousand) is overdue. The provision against doubtful receivables as of 31 March 2018 amounts to CZK 30,751 thousand (2016: CZK 31,047 thousand). The largest share in the provisioning level relates to the outstanding receivable from the customs debt from 2006 of CZK 28,908 thousand. This receivable cannot be removed from the accounting records due to the pending bankruptcy proceedings.

4.6. Deferrals

Prepaid expenses primarily include a prepaid lease for LC Pohořelice of CZK 1,786 thousand (2016: CZK 1,338 thousand for LC Kutná Hora).

Another important item as of 31 March 2018 is a lease of a warehouse for the period of April 2018 to June 2018 in the end of March amounting to CZK 5,188 thousand (2016: CZK 7,690 thousand CZK).

Estimated receivables mainly include transport services which have not been invoiced yet in the amount of CZK 10,254 thousand (2016: CZK 279 thousand) and damage caused by staff in the amount of CZK 656 thousand (2016: CZK 2,010 thousand).

4.7. Equity

The profit achieved in the period ended 31 March 2018 will partially be used to pay out dividends to the sole shareholder, with the remaining amount transferred to retained earnings brought forward.

4.8. Short-Term Payables

Short-term trade payables amount to CZK 60,243 thousand (2016: CZK 73,176 thousand), of which CZK 4,347 thousand (2016: CZK 6,080 thousand) is overdue.

Other payables include payables arising from customs debt and other payables. These amount to CZK 2,972 thousand (2016: CZK 3,893 thousand), of which CZK 0 thousand (2016: CZK 16 thousand) is overdue.

Short-term prepayments received include prepayments made in relation to the provision of customs services of CZK 7,696 thousand (2016: CZK 3,561 thousand).

4.9. Deferred Tax

The aggregate existing deferred tax liability can be analysed as follows:

(CZK '000)

| | Balance at 31 March 2018 | Balance at 31 Dec 2016 |
|---|--------------------------|------------------------|
| Net book value of fixed assets | - 1 189 | 634 |
| Valuation difference on acquired assets | 1 650 | - 1 865 |
| Social security and health insurance | - 74 | 61 |
| Provision against receivables | 0 | 0 |
| Reserve for outstanding vacation days | - 304 | 246 |
| Total deferred tax asset/liability | 83 | - 924 |

4.10. Provisions

(CZK '000)

| | Provisions for non-used leave | Total |
|---------------------------------------|-------------------------------|--------------|
| Balance as of 1 January 2017 | 1 293 | 1 293 |
| Creation | 1 598 | 1 598 |
| Provisions usage | - 1 293 | - 1 293 |
| Provisions as of 31 March 2018 | 1 598 | 1 598 |

In 2017, the income tax provision of 6,617 thousand CZK was reduced by income tax prepayments of 10,510 thousand CZK and the net receivable of 3,893 thousand CZK was recorded in tax receivables.

4.11. Revenues from Ordinary Activities

Revenues of services in the years 2017 and 2016 was as follows:

(CZK '000)

| | Period ended 31 March 2018 | Year ended 31 Dec 2016 |
|---|----------------------------|------------------------|
| Goods | 1 444 | 596 |
| Total sales of goods | 1 444 | 596 |
| Logistics | 449 958 | 337 350 |
| Shipping and distribution | 435 608 | 296 762 |
| Customs services | 123 551 | 90 715 |
| Other | 6 387 | 8 400 |
| Total sales of own products and services | 1 015 504 | 733 227 |

4.12. Purchase of Services

Purchases of services in 2017 and 2016 were as follows:

(CZK '000)

| | Period ended 31 March 2018 | Year ended 31 Dec 2016 |
|--------------------------------|----------------------------|------------------------|
| Repairs | 9 067 | 3 988 |
| Software services | 5 955 | 4 720 |
| Advisory services | 2 580 | 2 799 |
| Advertising and representation | 4 491 | 4 461 |
| Transportation and shipping | 384 358 | 259 660 |
| Rental | 170 689 | 136 596 |
| Customs services | 7 705 | 5 016 |
| Handling fees | 53 431 | 31 484 |
| Hiring-out of employees | 30 027 | 19 504 |
| Management Fee | 4 449 | 2 279 |
| FX licence fees | 21 807 | 15 996 |
| Other | 13 364 | 14 309 |
| Total | 707 923 | 500 812 |

4.13. Employees, Management and Statutory Bodies

The following table summarises the total amount of staff costs and the number of the Company's employees and managers:
(CZK '000)

| | 2017 | | 2016 | |
|--------------|------------|----------------|------------|----------------|
| | Number | Staff costs | Number | Staff costs |
| Employees | 389 | 222 567 | 351 | 151 838 |
| Managers | 7 | 8 245 | 7 | 9 775 |
| Total | 396 | 230 812 | 358 | 161 613 |

The number of employees is based on the average calculated number of employees plus two members of company management have management agreements.

The management of the company consists of these positions as of 31 March 2018: CEO, customs services director, forwarding director, sales director, economics general manager and facility general manager.

Members of the Board of Directors, Supervisory Board and members of statutory bodies received the following remuneration:
(CZK '000)

| 2017 | Board of Directors | Supervisory Board |
|---------|--------------------|-------------------|
| Bonuses | 4 836 | 435 |

| (CZK '000) | | |
|------------|--------------------|-------------------|
| 2016 | Board of Directors | Supervisory Board |
| Bonuses | 970 | 348 |

*) The amount of personnel costs and bonuses in 2017 is influenced by the fact, that it is calculated 15 months.

4.14. Other Operating Income and Expenses

Other operating income in 2017 amounts to CZK 329,826 thousand (2016: CZK 217,283 thousand), which principally includes income from customs debts of CZK 316,449 thousand (2016: CZK 205,059 thousand) and, in addition, NVO data of CZK 6,980 thousand (2016: CZK 7,145 thousand).

Other operating expenses in 2017 amount to CZK 332,594 thousand (2016: CZK 219,570 thousand), which principally include customs debt costs of CZK 316,449 thousand (2016: CZK 205,059 thousand) and, in addition, NVO data of CZK 6,980 thousand (2016: CZK 7,145 thousand).

4.15. Financial Income and Expenses

Financial income includes received interest of CZK 6 thousand (2016: CZK 53 thousand) and foreign exchange rate gains of CZK 9,176 thousand (2016: CZK 6,779 thousand).

Financial expenses include foreign exchange rate losses of CZK 17,077 thousand (2016: CZK 7,056 thousand) and other financial expenses (banking fees) of CZK 2,082 thousand (2016: CZK 1,578 thousand).

4.16. Related Party Transactions

The direct parent company is the sole shareholder of the Company, Mitsui-Soko (Europe) s.r.o., and the ultimate controlling entity as of 31 March 2018 is Mitsui-Soko Co., Ltd. based in Tokyo, Japan.

Another related party is PST-Invest, spol. s r.o. owned by the prior owner and the current Vice-Chairman of the Board of Directors, Miroslav Bradna.

Other related parties are entities in the Mitsui-Soko group with which the Company recorded business transactions.

Income generated from related party transactions for the year ended 31 March 2018 amounted to CZK 130,013 thousand (2016: CZK 78,460 thousand).

Purchases from related parties in the year ended 31 March 2018 amounted to CZK 26,300 thousand (2016: CZK 23,719 thousand).

Receivables from related parties in the year ended 31 March 2018 amounted to CZK 11,050 thousand (2016: CZK 8,863 thousand).

In 2017, the company paid its parent company Mitsui-Soko (Europe) s.r.o. dividends in the amount of 20,000 thousand CZK.

Revenues from transaction with related parties for the period from 1 January 2017 to 31 March 2018

(CZK '000)

| Entity | Relation to the company | Services | Other | Total as of 31 March 2018 |
|--|-------------------------|----------------|--------------|---------------------------|
| Mitsui-Soko (Europe) s.r.o. | Parent company | 1 621 | 1 523 | 3 144 |
| Mitex International (Hong Kong) Ltd. | Fellow subsidiary | 209 | 0 | 209 |
| Mitex Logistics (Shanghai) Co., Ltd. | Fellow subsidiary | 579 | 66 | 645 |
| Mitsui-Soko (Malaysia) Sdn. Bhd. | Fellow subsidiary | 9 | 65 | 75 |
| Mitsui-Soko (Korea) Co., Ltd. | Fellow subsidiary | 170 | 0 | 170 |
| Mitsui-Soko (Thailand) Co., Ltd. | Fellow subsidiary | 1 234 | 0 | 1 234 |
| Mitsui-Soko (U.S.A.) Inc. | Fellow subsidiary | 345 | 0 | 345 |
| Mitsui-Soko Co., LTD | Fellow subsidiary | 5 556 | 0 | 5 556 |
| Mitsui-Soko Express Co., Ltd. | Fellow subsidiary | 15 887 | 4 418 | 20 305 |
| Mitsui-Soko International Japan Co. Ltd. | Fellow subsidiary | 12 565 | 1 450 | 14 015 |
| Mitsui-Soko Mexico S.A. de C.V. | Fellow subsidiary | 1 700 | 0 | 1 700 |
| MITSUI-SOKO Supply Chain Solutions, Inc. | Fellow subsidiary | 38 853 | 1 101 | 39 955 |
| MS Supply Chain Solutions (Malaysia) Sdn. Bhd. | Fellow subsidiary | 779 | 0 | 779 |
| N.V. MSE Europe S.A., organizational unit | Fellow subsidiary | 554 | 188 | 742 |
| Prime Cargo A/S (Denmark) | Fellow subsidiary | 6 356 | 0 | 6 356 |
| Prime Cargo Shanghai Ltd | Fellow subsidiary | 361 | 0 | 361 |
| PST Hungary Kft. | Subsidiary | 33 912 | 15 | 34 422 |
| Total | | 120 690 | 8 826 | 130 013 |

Purchases from transaction with related parties for the period from 1 January 2017 to 31 March 2018

(CZK '000)

| Entity | Relation to the company | Services | Other | Total as of 31 March 2018 |
|---|--|---------------|--------------|---------------------------|
| Mitex Logistics (Shanghai) Co., Ltd. | Fellow subsidiary | 153 | 0 | 153 |
| Mitsui-Soko (Europe), s.r.o. | Parent company | 1 596 | 0 | 1 596 |
| Mitsui-Soko (Malaysia) Sdn. Bhd. | Fellow subsidiary | 738 | 0 | 738 |
| Mitsui-Soko (Singapore) Pte Ltd | Fellow subsidiary | 76 | 0 | 76 |
| Mitsui-Soko (Thailand) Co., Ltd. | Fellow subsidiary | 88 | 0 | 88 |
| Mitsui-Soko (U.S.A.) Inc. | Fellow subsidiary | 16 | 0 | 16 |
| Mitsui-Soko Co., LTD | Fellow subsidiary | 1 098 | 0 | 1 098 |
| Mitsui-Soko Express Co., Ltd. | Fellow subsidiary | 3 749 | 4 207 | 7 956 |
| Mitsui-Soko Holdings Co., Ltd. | Controlling entity | 138 | 0 | 138 |
| Mitsui-Soko International Japan Co. Ltd. | Fellow subsidiary | 1 496 | 1 671 | 3 167 |
| Mitsui-Soko International Pte Ltd. | Fellow subsidiary | 2 853 | 0 | 2 853 |
| Mitsui-Soko Mexico S.A. de C.V. | Fellow subsidiary | 268 | 0 | 268 |
| Mitsui-Soko Supply Chain Solutions, Inc. | Fellow subsidiary | 115 | 0 | 115 |
| Mitsunori Corporation | Fellow subsidiary | 24 | 0 | 24 |
| N.V. MSE Europe S.A. | Fellow subsidiary | 1 959 | 0 | 1 959 |
| N.V. MSE Europe S.A., organizational unit | Fellow subsidiary | 3 | 0 | 3 |
| Prime Cargo A/S (Denmark) | Fellow subsidiary | 126 | 0 | 126 |
| Prime Cargo Shanghai Ltd | Fellow subsidiary | 3 515 | 0 | 3 515 |
| Prime Cargo (H.K.) Ltd. | Fellow subsidiary | 2 | 0 | 2 |
| Prime Cargo Poland | Fellow subsidiary | 36 | 0 | 36 |
| PST Hungary Kft. | Subsidiary | 17 | 0 | 17 |
| PST-Invest, spol. s r.o. | Owned by the Vice-Chairman of the Board of Directors | 2 366 | 0 | 2 366 |
| Total | | 20 422 | 5 878 | 26 300 |

Payables to related parties as of 31 March 2018

(CZK '000)

| Entity | Relationship to the Company | Short-term trade | Total at 31 March 2018 |
|------------------------------------|--|------------------|------------------------|
| Mitsui-Soko Co., Ltd. | Fellow subsidiary | 50 | 50 |
| Mitsui-Soko HOLDINGS | Controlling entity | 10 | 10 |
| Mitsui-Soko Int. Japan Co. Ltd. | Fellow subsidiary | 0 | 0 |
| Mitsui-Soko (Europe) s.r.o. | Parent company | 252 | 252 |
| Mitsui-Soko (Singapore) Pte Ltd. | Fellow subsidiary | 0 | 0 |
| Mitsui-Soko (USA) Inc. | Fellow subsidiary | 0 | 0 |
| Mitsui-Soko (Malaysia) Sdn. Bhd. | Fellow subsidiary | 0 | 0 |
| Mitsui-Soko EXPRESS Co., Ltd. | Fellow subsidiary | 552 | 552 |
| Mitsui Soko International Pte Ltd. | Fellow subsidiary | 211 | 211 |
| Mitsui-Soko (Thailand) Co., Ltd. | Fellow subsidiary | 70 | 70 |
| PST Hungary Kft. | Subsidiary | 6 | 6 |
| Prime Cargo (H.K.) Ltd. | Fellow subsidiary | 1 | 1 |
| Prime Cargo Limited Shanghai | Fellow subsidiary | 43 | 43 |
| PST-Invest, spol. s r.o. | Owned by the Vice-Chairman of the Board of Directors | 0 | 0 |
| Total | | 1 195 | 1 195 |

Payables to related parties as of 31 December 2016

(CZK '000)

| Entity | Relationship to the Company | Short-term trade | Total at 31 Dec 2016 |
|------------------------------------|--|------------------|----------------------|
| Mitsui-Soko Co., Ltd. | Fellow subsidiary | 91 | 91 |
| Mitsui-Soko HOLDINGS | Controlling entity | 10 | 10 |
| Mitsui-Soko INT. JAP | Fellow subsidiary | 3 927 | 3 927 |
| Mitsui-Soko (Europe) s.r.o. | Parent company | 241 | 241 |
| Mitsui-Soko (Singapore) | Fellow subsidiary | 75 | 75 |
| Mitsui-Soko (USA) | Fellow subsidiary | 30 | 30 |
| Mitsui-Soko (Malaysia) | Fellow subsidiary | 84 | 84 |
| Mitsui-Soko EXPRESS | Fellow subsidiary | 30 | 30 |
| Mitsui-Soko International Pte Ltd. | Fellow subsidiary | 199 | 199 |
| Prime Cargo Limited Shanghai | Fellow subsidiary | 76 | 76 |
| PST-Invest, spol. s r.o. | Owned by the Vice-Chairman of the Board of Directors | -36 | -36 |
| Total | | 4 727 | 4 727 |

4.17. Total Fee to the Statutory Auditor/Audit Company

The Company is part of the consolidation group of the parent company Mitsui-Soko (Europe) s.r.o. The information on the costs of the fee to the statutory auditor is provided in the consolidated financial statements.

4.18. Off Balance Sheet Commitments

As of 31 March 2018, the Company records off balance sheet commitments, specifically bank guarantees of CZK 144 759 thousand (2016: CZK 88,615 thousand). These bank guarantees are used to secure customs debts and payment obligations resulting from lease contracts.

4.19. Subsequent events

After the final date of the financial statement, there were some changes to the board of directors of the company. As of 31 March 2018, members of the board of directors Masaji Hosody a Yoshiaki Miyajimi ceased their activity in the board and on 1 April, Kazuo Iwanaji and Shigeki Kanai became new members.

Another change happened with regard to the chairman of the supervisory board of the company, Kazukiko Tanaku became a new chairman instead of Mitsugu Kai on 1 April 2018.

Report on Relations between Related Entities for the period from 1 January 2017 to 31 March 2018

This report on relations between PST CLC, a.s., with its registered office at Nádražní 969/112, 702 00 Ostrava-Moravská Ostrava, Corporate ID 253 972 49, recorded in the Register of Companies held at the Regional Court in Ostrava, File B, Insert 1895 (hereinafter the "Company"), and controlling entities, between the Company and entities controlled by the same controlling entity, and between the Company and other related entities was prepared pursuant to Section 82 et seq. of Act no. 90/2012 Coll., on Business Corporations, as amended, for the reporting period from 1 January 2017 to 31 March 2018 (hereinafter the "preceding reporting period").

I. Definition of Controlling and Controlled Entities and Structure of their Mutual Relations

A. Controlling entities

Mitsui-Soko (Europe) s.r.o., a limited liability company, with its registered office at Prosek Point – Building C, Prosecká 855/68 190 00 Praha 9, Corporate ID 242 271 53

Relation: In the preceding reporting period, with regard to the Company, Mitsui-Soko (Europe) s.r.o. was a controlling person.

Mitsui-Soko Holdings Co., Ltd., with its registered office at Minato-ku, Tokyo, Nishi-Shimbashi 3-chome 20-1, Japan, Corporate ID 0104-01-046416

Relation: In the preceding reporting period, with regard to Mitsui-Soko (Europe) s.r.o., Mitsui-Soko Holdings Co., Ltd. was a controlling person.

Mitsui-Soko Holdings Co., Ltd. is the sole owner of Mitsui-Soko (Europe) s.r.o. and it is not controlled by another controlling entity.

B. Entities Controlled by the Controlled Entity

PST Hungary Kft., with its registered office at 2536 Nyergesújfalu, Kossuth L út 84., Hungary, Corporate ID: 01-09-270158

Relation: In the preceding reporting period, with regard to the Company, PST Hungary Kft. was a controlled person, since it is a 100% subsidiary of PST CLC, a.s.

C. Entities Controlled by the Same Controlling Entity

Set out below are companies of the Mitsui-Soko group with which PST CLC, a.s. performed business activities in 2017:

| | |
|--------------------------------------|--------------------|
| Mitsui Soko Co., Ltd | Tokyo, Japan |
| Mitsui Soko Int. Jap. | Tokyo, Japan |
| Mitsui Soko Int. Pte Ltd. | Singapore |
| Mitsui-Soko Express Co., Ltd. | Tokyo, Japan |
| Mitsui-Soko Korea Co., Ltd. | Korea |
| Mitsui-Soko (Thailand) Co., Ltd. | Bankok, Thailand |
| Mitsui-Soko (USA) Inc. | Carson, USA |
| MITEX International Ltd. | Koeloon, Hong Kong |
| MITEX Logistics (Shanghai) Co., Ltd. | Shainghai, China |
| Mitsui-Soko (Singapore) Pte Ltd. | Singapore |
| Prime Cargo Shanghai Ltd. | Shanghai |
| Mitsui Soko (Malaysia) Sdn. Bhd. | Malaysia |
| Mitsui Soko Supply Chain Sol. | Tokyo, Japan |
| Mitsui Soko Supply Chain Sol. | Malaysia |
| N.V. MSE Europe | Belgium |
| N.V. MSE Europe, organ. sl. | Belgium |
| Prime Cargo A/S | Denmark |
| Prime Cargo Shanghai Ltd. | Shanghai |
| Prime Cargo (H.K.) Ltd. | Hong Kong |
| Prime Cargo Poland | Poland |
| Mitsui-Soko Mexico S.A. de C.V. | Mexico |
| Mitsunori Corporation | Fukuji, Japan |

D. Other Related Entities

PST-Invest, spol. s r.o., a limited liability company, with its registered office at Nádražní 969/112, 702 00 Ostrava-Moravská Ostrava, Corporate ID 483 959 78

II. The Role of PST CLC, a.s. and Means of Control

The Company acts in relations with the entities according to Chapter I of this Report on relations as a company, the main activity of which is the provision of services in freight forwarding, logistics and customs.

The Company is directly controlled by Mitsui-Soko (Europe) s.r.o.

In the preceding reporting period, Mitsui-Soko (Europe) s.r.o. exercised controlling influence in the Company as its sole shareholder acting in the capacity of the General Meeting of the Company and acting in the capacity of the Board of Directors of the Company.

III. Overview of Acts and Agreements

a) Overview of acts and mutual transactions between the Company and related parties:

Revenues from transactions with related parties for the period from 1 January 2017 to 31 March 2018

(CZK '000)

| Entity | Relation to the company | Services | Other | Total as of 31 March 2018 |
|--|-------------------------|----------------|--------------|---------------------------|
| Mitsui-Soko (Europe) s.r.o. | Parent company | 1 621 | 1 523 | 3 144 |
| Mitex International (Hong Kong) Ltd. | Fellow subsidiary | 209 | 0 | 209 |
| Mitex Logistics (Shanghai) Co., Ltd. | Fellow subsidiary | 579 | 66 | 645 |
| Mitsui-Soko (Malaysia) Sdn. Bhd. | Fellow subsidiary | 9 | 65 | 75 |
| Mitsui-Soko (Korea) Co., Ltd. | Fellow subsidiary | 170 | 0 | 170 |
| Mitsui-Soko (Thailand) Co., Ltd. | Fellow subsidiary | 1 234 | 0 | 1 234 |
| Mitsui-Soko (U.S.A.) Inc. | Fellow subsidiary | 345 | 0 | 345 |
| Mitsui-Soko Co., LTD | Fellow subsidiary | 5 556 | 0 | 5 556 |
| Mitsui-Soko Express Co., Ltd. | Fellow subsidiary | 15 887 | 4 418 | 20 305 |
| Mitsui-Soko International Japan Co. Ltd. | Fellow subsidiary | 12 565 | 1 450 | 14 015 |
| Mitsui-Soko Mexico S.A. de C.V. | Fellow subsidiary | 1 700 | 0 | 1 700 |
| MITSUI-SOKO Supply Chain Solutions, Inc. | Fellow subsidiary | 38 853 | 1 101 | 39 955 |
| MS Supply Chain Solutions (Malaysia) Sdn. Bhd. | Fellow subsidiary | 779 | 0 | 779 |
| N.V. MSE Europe S.A., organizational unit | Fellow subsidiary | 554 | 188 | 742 |
| Prime Cargo A/S (Denmark) | Fellow subsidiary | 6 356 | 0 | 6 356 |
| Prime Cargo Shanghai Ltd | Fellow subsidiary | 361 | 0 | 361 |
| PST Hungary Kft. | Subsidiary | 33 912 | 15 | 34 422 |
| Total | | 120 690 | 8 826 | 130 013 |

"Services" include business transactions between entities, primarily in the shipment segment (transportation).

"Other" includes the commission for bookkeeping for the parent company Mitsui-Soko (Europe) s.r.o. and the rebilling of the NVO data.

Purchases from transaction with related parties for the period from 1 January 2017 to 31 March 2018

(CZK '000)

| Entity | Relation to the company | Services | Other | Total as of 31 March 2018 |
|---|--|---------------|--------------|---------------------------|
| Mitex Logistics (Shanghai) Co., Ltd. | Fellow subsidiary | 153 | 0 | 153 |
| Mitsui-Soko (Europe), s.r.o. | Parent company | 1 596 | 0 | 1 596 |
| Mitsui-Soko (Malaysia) Sdn. Bhd. | Fellow subsidiary | 738 | 0 | 738 |
| Mitsui-Soko (Singapore) Pte Ltd | Fellow subsidiary | 76 | 0 | 76 |
| Mitsui-Soko (Thailand) Co., Ltd. | Fellow subsidiary | 88 | 0 | 88 |
| Mitsui-Soko (U.S.A.) Inc. | Fellow subsidiary | 16 | 0 | 16 |
| Mitsui-Soko Co., LTD | Fellow subsidiary | 1 098 | 0 | 1 098 |
| Mitsui-Soko Express Co., Ltd. | Fellow subsidiary | 3 749 | 4 207 | 7 956 |
| Mitsui-Soko Holdings Co., Ltd. | Controlling entity | 138 | 0 | 138 |
| Mitsui-Soko International Japan Co. Ltd. | Fellow subsidiary | 1 496 | 1 671 | 3 167 |
| Mitsui-Soko International Pte Ltd. | Fellow subsidiary | 2 853 | 0 | 2 853 |
| Mitsui-Soko Mexico S.A. de C.V. | Fellow subsidiary | 268 | 0 | 268 |
| Mitsui-Soko Supply Chain Solutions, Inc. | Fellow subsidiary | 115 | 0 | 115 |
| Mitsunori Corporation | Fellow subsidiary | 24 | 0 | 24 |
| N.V. MSE Europe S.A. | Fellow subsidiary | 1 959 | 0 | 1 959 |
| N.V. MSE Europe S.A., organizational unit | Fellow subsidiary | 3 | 0 | 3 |
| Prime Cargo A/S (Denmark) | Fellow subsidiary | 126 | 0 | 126 |
| Prime Cargo Shanghai Ltd | Fellow subsidiary | 3 515 | 0 | 3 515 |
| Prime Cargo (H.K.) Ltd. | Fellow subsidiary | 2 | 0 | 2 |
| Prime Cargo Poland | Fellow subsidiary | 36 | 0 | 36 |
| PST Hungary Kft. | Subsidiary | 17 | 0 | 17 |
| PST-Invest, spol. s r.o. | Owned by the Vice-Chairman of the Board of Directors | 2 366 | 0 | 2 366 |
| Total | | 20 422 | 5 878 | 26 300 |

"Services" include business transactions between entities, primarily in the shipment segment (transportation). In respect of PST Invest, "Services" includes lease of real estate. In respect of Mitsui-Soko (Europe), "Services" includes services relating to the Management Fee.

The Company paid a dividend of CZK 20,000 thousand to the parent company Mitsui-Soko (Europe) s.r.o. in 2017.

b) Overview of agreements between the Company and related parties in the meaning of Section 82 (2) (e) of the Act on Business Corporations, effective in the previous reporting period:

1. Agreements between the Company and PST-Invest:
 - Agreement on rental of commercial premises;
 - Agreement on rental of commercial premises and parking area; and
 - Agency agreement on real estate administration.
2. Agreements between the Company and Mitsui-Soko (Europe):
 - Agreement on storage and other storage-related services;
 - Agreement on office rental;
 - Agreement on rental of vehicles;
 - Agency agreement on provision of personal and administrative services;
 - Commission agreement on indirect representation in customs proceedings; and
 - Agreement on provision of services in accounting.
3. Agreement on the provision of services (Management Fee) concluded between the Company, Mitsui-Soko (Europe) and Mitsui-Soko International PTE Singapore.
4. Agreements between the Company and other companies of the Mitsui-Soko group:
 - These business activities in the field of freight forwarding and logistics are controlled by the central office in Japan, and they are carried out based on single partial performances for each executed order.

c) No business relations were made between the Company and related parties other than entities listed in this Report in the previous accounting period.

d) The management of the company is not aware of any actions made in the last accounting period which would be made based on an incentive or in the interest of a controlling entity or entities controlled by it if such actions are related to assets which exceeds 10 % of the equity of the controlling entity according to the last financial statement.

IV. Assessment of Relations

In this Report on relations, all significant facts are listed, that in the sense of Section 82 of the Act on Business Corporations make part of a report on relations. In this report, relations between the Company and its controlling entities, entities controlled by the same controlling entity and other related entities are contained.

All of the aforementioned provided performances and considerations were carried out at arm's length prices common to commercial relations with non-related parties and, therefore, the parties to the contracts did not incur any detriment.

The Company considers relations with the controlling parties and other related entities to be advantageous as they pose no risks to the Company apart from common market risks related to business activities in the respective field.

Membership in the Mitsui-Soko group brings the following advantages to the Company:

- The Company can use the customer base of the related entities and vice versa;
- Due to the membership in the business group, the Company has access to the up-to-date information on development in the market;
- The Company may use the interconnected network of branches for its business activities even outside the Czech Republic.

The disadvantage for the Company is its participation in expenses of the whole business group.

V. Conclusion

The Statutory Body of PST CLC, a.s. declares that the data included in this Report are correct and complete, and that during the elaboration of the Report pursuant to Section 82 et seq. of Act no. 90/2012 Coll., on Business Corporations, it proceeded fully in the extent of all the information and data which the Statutory Body had at its disposal or which they found out during the performance of their due managerial care.

It follows from the aforementioned part of the Report that PST CLC, a.s. did not incur any detriment from the relation between related parties within the Mitsui-Soko group or PST-Invest spol. s r.o., that performances and considerations were carried out at arm's length prices common in commercial relations with non-related parties in the respective place and in the given time, no other legal acts were made in the interest of the entities controlled by the same controlling party or in the interest of the controlling party.

In Ostrava on 11 June 2018

Vít Votroubek
Chairman of the Board of Directors

Jiří Bradna
Member of the Board of Directors

KPMG Česká republika Audit, s.r.o.

Pobřežní 1a
186 00 Prague 8
Czech Republic
+420 222 123 111
www.kpmg.cz



Independent Auditor's Report to the Shareholder of PST CLC, a.s.

Opinion

We have audited the accompanying financial statements of PST CLC, a.s. ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 March 2018 and the income statement, the statement of changes in equity and the cash flow statement for the period from 1 January 2017 to 31 March 2018 then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the period from 1 January 2017 to 31 March 2018 then ended in accordance with Czech accounting legislation.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs) as amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body, Supervisory Board for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

KPMG Česká republika Audit, s.r.o., a Czech limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Recorded in the Commercial Register kept by the Municipal Court in Prague, Section C, Insert No. 24185

Identification No. 49619187
VAT No. CZ699001996
ID data box: 8h3gtra

In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for the oversight of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statutory Auditor Responsible for the Engagement

Milan Bláha is the statutory auditor responsible for the audit of the financial statements of PST CLC, a.s. as at 31 March 2018, based on which this independent auditor's report has been prepared.

Prague 11 June 2018

KPMG Česká republika Audit, s.r.o.

KPMG Česká republika Audit, s.r.o.
Registration number 71








Fergus Cunningham
Partner



Milan Bláha
Partner
Registration number 2007

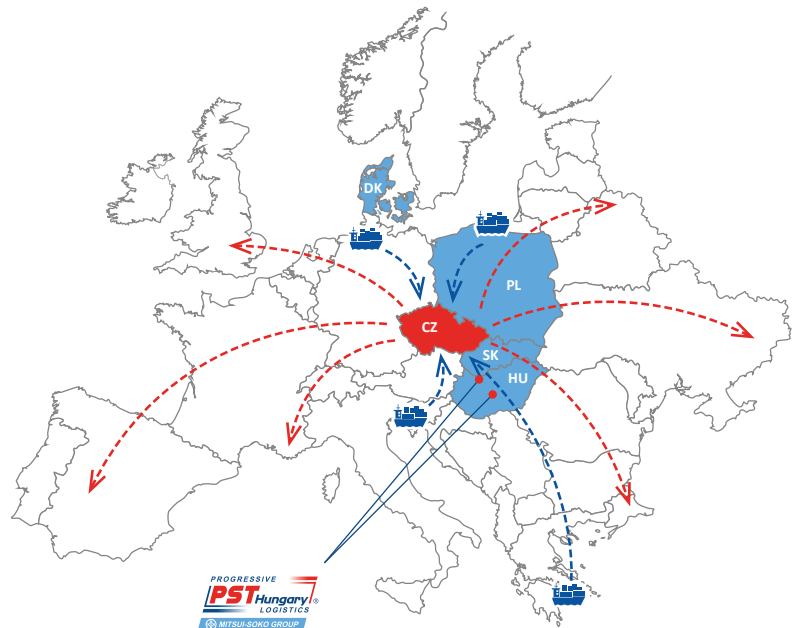
Headquarters and offices

THE SCOPE OF ACTIVITIES

-  Czech Republic
-  Denmark
-  Hungary
-  Slovakia
-  Poland

THE PORTS USED

-  Antwerp
-  Hamburg & Bremerhaven
-  Gdynia & Gdańsk
-  Koper & Trieste
-  Piraeus
-  Rotterdam



80.000 m² of storage space
16 customs clearance branches
throughout the entire CZ



Contacts

Name of the Company:

PST CLC, a.s.

Registered Office:
Nádražní 969/112,
702 00 Ostrava - Moravská Ostrava
Phone no.: +420 596 126 844
E-mail: info@pst-clc.cz
Web: www.pst-clc.cz
Corporate ID: 253 97 249
VAT: CZ25397249

OSTRAVA

PST CLC, a.s.
Nádražní 969/112,
702 00 Ostrava
Phone no.: +420 596 126 844

PRAHA

PST CLC, a.s.
Prosek Point – Building C,
Prosecká 855/68,
190 00 Praha 9
Phone no.: +420 286 000 203





WWW.PST-CLC.CZ

WWW.FACEBOOK.COM/KOMPLEXNILOGISTIKA

